

**TOLEDO COMMUNITY SERVICE CENTER
dba FAMILY HOUSE**

FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Toledo Community Service Center
dba Family House

We have audited the accompanying financial statements of Toledo Community Service Center dba Family House (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Toledo Community Service Center dba Family House as of June 30, 2013, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Toledo Community Service Center dba Family House, as of and for the year ended June 30, 2012, were audited by other auditors whose report thereon, dated January 17, 2013, expressed an unqualified opinion.

DeMarco + Associates CPAs, LLC

Perrysburg, Ohio
January 23, 2014

TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

ASSETS

	2013	2012
Assets		
Cash	\$ 18,278	\$ 100,763
Grants receivable	92,621	47,427
Prepaid insurance	12,566	17,219
Industrial insurance deposit	990	990
Net property and equipment	73,760	80,008
 Total assets	 \$ 198,215	 \$ 246,407

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 7,011	\$ 18,126
Accrued wages and vacation	4,675	5,984
Deferred revenue	-	21,079
Payroll taxes withheld and accrued	358	513
Total liabilities	12,044	45,702
 Net assets		
Unrestricted	182,444	178,288
Temporarily restricted	3,727	22,417
Total net assets	186,171	200,705
 Total liabilities and net assets	 \$ 198,215	 \$ 246,407

The accompanying notes are an integral part of these financial statements.

TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE
STATEMENTS OF ACTIVITIES
Years ended June 30, 2013 and 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Totals</u>
Support and revenue			
Grants and contracts	\$ 336,580	\$ 102,903	\$ 439,483
Contributions	29,664	24,282	53,946
Shelter fees	-	-	-
Fundraising	25,803	-	25,803
In-kind donations	75,783	-	75,783
Net assets released from restrictions	<u>145,875</u>	<u>(145,875)</u>	<u>-</u>
 Total support and revenue	 613,705	 (18,690)	 595,015
Expenses			
Program	504,448	-	504,448
Fundraising	9,140	-	9,140
Management and general	<u>95,961</u>	<u>-</u>	<u>95,961</u>
 Total expenses	 <u>609,549</u>	 <u>-</u>	 <u>609,549</u>
 Change in net assets	 4,156	 (18,690)	 (14,534)
 Net assets beginning of year	 <u>178,288</u>	 <u>22,417</u>	 <u>200,705</u>
 Net assets end of year	 <u>\$ 182,444</u>	 <u>\$ 3,727</u>	 <u>\$ 186,171</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Totals</u>
Support and revenue			
Grants and contracts	\$ 430,840	\$ 176,935	\$ 607,775
Contributions	16,005	14,389	30,394
Shelter fees	821	-	821
Fundraising	17,683	-	17,683
In-kind donations	94,977	-	94,977
Net assets released from restrictions	<u>189,680</u>	<u>(189,680)</u>	<u>-</u>
Total support and revenue	750,006	1,644	751,650
Expenses			
Program	648,300	-	648,300
Fundraising	9,969	-	9,969
Management and general	<u>104,088</u>	<u>-</u>	<u>104,088</u>
Total expenses	<u>762,357</u>	<u>-</u>	<u>762,357</u>
Change in net assets	(12,351)	1,644	(10,707)
Net assets beginning of year	<u>190,639</u>	<u>20,773</u>	<u>211,412</u>
Net assets end of year	<u>\$ 178,288</u>	<u>\$ 22,417</u>	<u>\$ 200,705</u>

The accompanying notes are an integral part of these financial statements.

TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended June 30, 2013 and 2012

	Program Services	Fundraising	Management and General	2013 Totals
Salaries and wages	\$ 233,939	\$ 7,359	\$ 49,412	\$ 290,710
Employee fringe benefits and taxes	56,602	1,781	11,956	70,339
Insurance - general	12,286	-	2,888	15,174
Rent - in kind	48,242	-	11,338	59,580
Utilities	23,011	-	5,407	28,418
Office supplies	2,028	-	476	2,504
Printing	308	-	73	381
Supplies	31,042	-	-	31,042
Professional services	35,140	-	3,680	38,820
Staff development	21	-	5	26
Repairs and maintenance	4,003	-	941	4,944
Travel	1,863	-	437	2,300
Telephone and pager service	1,442	-	340	1,782
Advertising and recruiting	-	-	-	-
Supplies - contributed	16,193	-	-	16,193
Security	27,907	-	6,559	34,466
Membership dues	158	-	37	195
Lease expense	2,347	-	551	2,898
Miscellaneous	2,857	-	672	3,529
	<u>499,389</u>	<u>9,140</u>	<u>94,772</u>	<u>603,301</u>
Total expenses before depreciation				
Depreciation	5,059	-	1,189	6,248
	<u>504,448</u>	<u>9,140</u>	<u>95,961</u>	<u>609,549</u>
Total expenses				

	Program Services	Fundraising	Management and General	2012 Totals
Salaries and wages	\$ 254,672	\$ 8,012	\$ 53,791	\$ 316,475
Employee fringe benefits and taxes	62,207	1,957	13,140	77,304
Insurance - general	13,236	-	3,111	16,347
Rent - in kind	48,242	-	11,338	59,580
Utilities	23,044	-	5,415	28,459
Office supplies	3,969	-	932	4,901
Printing	199	-	47	246
Supplies	115,319	-	-	115,319
Professional services	40,757	-	4,268	45,025
Staff development	(893)	-	(211)	(1,104)
Repairs and maintenance	7,741	-	1,819	9,560
Travel	3,862	-	907	4,769
Telephone and pager service	1,427	-	336	1,763
Advertising and recruiting	536	-	126	662
Supplies - contributed	35,397	-	-	35,397
Security	29,539	-	6,943	36,482
Membership dues	540	-	127	667
Lease expense	2,405	-	565	2,970
Miscellaneous	1,042	-	245	1,287
	<u>643,241</u>	<u>9,969</u>	<u>102,899</u>	<u>756,109</u>
Total expenses before depreciation				
Depreciation	<u>5,059</u>	<u>-</u>	<u>1,189</u>	<u>6,248</u>
	<u>\$ 648,300</u>	<u>\$ 9,969</u>	<u>\$ 104,088</u>	<u>\$ 762,357</u>
Total expenses				

The accompanying notes are an integral part of these financial statements.

TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE
STATEMENTS OF CASH FLOWS
Years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Change in net assets	\$ (14,534)	\$ (10,707)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,248	6,248
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(45,194)	909
Prepaid insurance	4,653	2,613
Increase (decrease) in:		
Accounts payable	(11,115)	(3,302)
Accrued wages and vacation	(1,309)	1,584
Deferred revenue	(21,079)	21,079
Payroll taxes withheld and accrued	(155)	(3,335)
	(82,485)	15,089
Net cash provided by (used in) operating activities	(82,485)	15,089
Net increase (decrease) in cash	(82,485)	15,089
Cash at beginning of year	100,763	85,674
Cash at end of year	\$ 18,278	\$ 100,763

The accompanying notes are an integral part of these financial statements.

TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE
NOTES TO THE FINANCIAL STATEMENTS

Note A – Significant Accounting Policies

Nature of operations

Toledo Community Service Center dba Family House (the "Center") provides temporary shelter and food to the homeless. The Center also provides a variety of services including case management as well as assistance in locating permanent homes. The majority of funds for the operations are received from city, state, and federal government agencies.

Basis of presentation

The Center's financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results may differ from those estimates.

Cash and cash equivalents

The Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Property and equipment

The Center capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are carried at cost and include the cost of improvements, if any, which have materially added to the capacity or extended the useful life of the asset. Depreciation is provided over the estimated useful lives of the assets by application of the straight-line method.

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain expenses have been allocated among the programs and support services benefited. Although considered appropriate, other methods of allocation could be used that would produce different results.

Income taxes

The Internal Revenue Service has determined that the Center is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code, and has also determined that the Center is publicly supported. As a result, no provision for federal or state income taxes has been made.

TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE
NOTES TO THE FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (continued)

Income taxes - continued

FASB ASC #740, *Income Taxes*, requires entities to disclose in their financial statements the nature of any uncertainties in their tax position. Tax years including the year ended July 1, 2010 and later are subject to examination by tax authorities. Areas that IRS and state tax authorities consider when examining tax returns of a charity include, but may not be limited to, tax-exempt status and the existence and amount of unrelated business income. The Center does not believe that it has any uncertain tax positions with respect to these or other matters, and has not recorded any unrecognized tax benefits or liability for penalties or interest.

The Center is not aware of any circumstances or events that make it reasonably possible that tax benefits may increase or decrease within 12 months of the date of these financial statements.

Contributed facilities and supplies

Generally, in-kind contributions have been used for matching requirements and are valued in accordance with current allowable rates as published by the grantor for space costs, insurance, and utilities. The City of Toledo provides use of operating facilities to the Center in exchange for annual rent in the amount of one dollar (\$1), which is not fair value. The use of the operating facilities has been included in the statement of activities at its fair value.

Classes of net assets

A description of the Center's net asset categories is as follows:

Unrestricted net assets - are those currently available for use in the activities of the Center under the direction of the board.

Temporarily restricted net assets - are those stipulated by donors for specific operating purposes or for the acquisition of property and equipment; or those not currently available for use until commitment regarding their use have been fulfilled or lifetime beneficiary interests have ceased.

Permanently restricted net assets - are those contributed with donor stipulations that they be held in perpetuity with the use of income for unrestricted or temporarily restricted purposes. At June 30, 2013 and 2012, no permanently restricted net assets were maintained.

Subsequent events

Subsequent events were evaluated through January 23, 2014, the date the financial statements were available to be issued.

**TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE
NOTES TO THE FINANCIAL STATEMENTS**

Note B – Retirement Plan

All eligible employees of the Center are offered to participate in a noncontributory 403(b) plan of the Mutual of America Life Insurance Company, upon completion of one year of service and the attainment of age twenty-one. The plan provides benefits to participants upon their retirement, disability or death. The Center's contributions to the plan are based upon wages and are made through the United Way of Greater Toledo.

One current and nine former employees are covered under a multi-employer defined benefit pension plan administered by the United Way of Greater Toledo. The accumulated plan benefits and plan net assets attributable to the Center's employees under the plan are not readily determinable. As of December 31, 2003, this plan was frozen and the accrual of benefits ceased. Pension contributions in the amount of \$4,021 and \$5,894 were made during 2013 and 2012, respectively, in order to fulfill the minimum funding requirements. For the year ending June 30, 2014, the pension contribution is expected to be approximately \$3,668.

Expenses related to these two plans totaled \$5,465 and \$8,345 for the years ending June 30, 2013 and 2012, respectively, and are reflected in employee fringe benefits in the statements of functional expenses.

Note C – Property and Equipment

	2013	2012
Leasehold improvements	\$ 258,522	\$ 258,522
Furniture and fixtures and other depreciable property	62,412	62,412
Total	320,934	320,934
Less accumulated depreciation	247,174	240,926
Net property and equipment	\$ 73,760	\$ 80,008

Depreciation expense for the years ended June 30, 2013 and 2012 was \$6,248 and \$6,248, respectively.

Note D – Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2013 and 2012 are available for the following purposes:

	2013	2012
Resident aftercare	\$ -	\$ 378
Preschool	-	3,190
Food and housing	2,727	16,903
Administrative	-	1,623
Christmas	-	323
Transportation	1,000	-
Total	\$ 3,727	\$ 22,417

**TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE
NOTES TO THE FINANCIAL STATEMENTS**

Note E – Leases

As mentioned in Note A, the City of Toledo provides use of operating facilities to the Center in exchange for annual rent in the amount of one dollar (\$1) under an operating lease agreement. This lease was renewed in March 2013 and will expire in April 2018. Future payments related to this lease are \$1 in 2018.